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SIPDIS

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SUBJECT: Investigation of Corruption Allegations Against DPP  
Candidate Frank Hsieh: Southern Perspectives

SENSITIVE BUT UNCLASSIFIED, PLEASE PROTECT ACCORDINGLY

11. (SBU) Summary: The Special Investigation Division (SID) of the Supreme Prosecutors' Office is investigating Democratic Progressive Party (DPP) Presidential candidate Frank Hsieh for alleged corruption while he was mayor of Kaohsiung. Some local political contacts believe that the possibility of a Hsieh indictment means the DPP presidential nomination is not yet completely settled. One KMT contact suggested that President Chen may try to take advantage of the ongoing investigations to pressure Hsieh to accept Su Tseng-chang as his running mate. End summary.

SIPDIS

Kaohsiung Prosecutors' Office

12. (SBU) The Taiwan Supreme Court's Special Investigation Division (SID) is reported to be investigating five cases of alleged corruption against Democratic Progressive Party (DPP) Presidential candidate Frank Hsieh. These cases include alleged incidents of construction project bribery, illicit political donations, and manipulation of a bank's board member selection process. All five cases are alleged to have occurred during Hsieh's seven years (1998-2005) as mayor of Kaohsiung. Deputy Prosecutor General Chung Chung-hsiao of the Kaohsiung Prosecutors' Office told AIT/K that his office had already investigated three of these cases, which did not result in any charges against Hsieh. In a bribery case involving construction of the Kaohsiung Mass Rapid Transit (KMRT), in January 2007, prosecutors indicted both the City Government Public Works Bureau's former Director, Wu Meng-te, and a businessman who served as the head of Frank Hsieh's fundraising campaign, for accepting bribes from one of the KMRT contractors. Deputy Prosecutor General Chung added that, at the time, his office did not pursue charges against Hsieh because it did not find evidence linking him to malfeasance.

13. (SBU) The SID has jurisdiction over corruption investigations involving cabinet-level officials. Since Frank Hsieh was a former Premier, SID can conduct its own investigations of corruption allegations while disregarding the Kaohsiung Prosecutors' Office's previous conclusions. Deputy Prosecutor General Chung Chung-hsiao confirmed to AIT/K that the SID visited Kaohsiung City Government offices in search of evidence, and is investigating the corruption charges on its own without the Kaohsiung Prosecutors Office's participation.

Little Public Reaction

14. (SBU) Most southerners seem indifferent to the allegations

against Hsieh. However, KMT Kaohsiung Legislator Lo Shih-hsiung speculated to AIT/K that President Chen could try to take advantage of the corruption investigations as leverage to force Hsieh to choose former Premier Su Tseng-chang rather than former Kaohsiung Acting Mayor Yeh Chu-lan as his running mate. Some in the DPP believe a Hsieh-Su ticket would give the DPP its strongest chance at winning the 2008 presidential election. Some other conspiracy theorists have speculated that President Chen might use the investigation to strike a deal with Hsieh that, once elected, Hsieh would not conduct any investigations of alleged corruption involving President Chen and his family.

15. (SBU) Kuo Kuo-wen, Chairman of the Tainan County DPP office acknowledged to AIT/K that the timing of the investigation is sensitive. Most DPP members have avoided discussing the possibility of political maneuvering during the investigation process, Kuo said, but he added that some party members are expecting Frank Hsieh to be indicted. Based on current DPP regulations, if indicted, Frank Hsieh's party membership would be suspended and his candidacy revoked. Thus far, Kuo said, no one in the DPP has discussed amending the regulations. One pro-DPP professor, Yang Tze-chuan of Tainan's National Cheng Kung University, suggested that the new allegations mean the DPP presidential nomination is still up in the air.

Comment

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16. (SBU) The outcome of the current investigation is uncertain though Hsieh has been cleared in previous investigations. If Hsieh is indicted, he and the DPP will need to carefully gauge public opinion in determining whether to stay in the race. However, such indictments are by no means necessarily fatal in Taiwan politics. For example, the indictment of Ma Ying-jeou did not deter the KMT candidate from running, and President Chen has rebounded from the effects of the indictment of First Lady Wu Shu-chen.

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